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o. Legislative assembly [Committees]  
t committee on consumer credit  
Hearings

SELECT COMMITTEE ON CONSUMER CREDIT

Proceedings of the hearings  
held at the Parliament Buildings,  
Toronto, Ontario, on the 24th day  
of March, 1965.



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Proceedings of the hearings  
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APPEARANCES:

G. BUKATOR M.P.P.

J. F. EDWARDS, M.P.P.

M. HAMILTON, M.P.P.

G. KERR, M.P.P.

A. F. LAWRENCE, M.P.P.

L. LETHERBY, M.P.P.

D. C. MacDONALD, M.P.P.

F. R. OLIVER, M.P.P.

L. REILLY, M.P.P.

R. D. ROWE, M.P.P.

R. M. WHICHER, M.P.P.

JOHN WHITE, M.P.P.

H. J. PRICE, M.P.P.

Chairman

JOSEPH SEDGWICK, Q.C.

Counsel

D. D. W. IRWIN, BA., C.A.

Consultant

T. F. R. HARCOURT

Secretary

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1 THE CHAIRMAN: Gentlemen, we'll call the  
2 meeting to order. I had hoped today to have a completed  
3 copy for you of the synopsisized briefs, but this is going  
4 to be a little bigger job than the girls thought it would  
5 be and they haven't got it completed yet, but before  
6 5.00 o'clock we will have a completed rough draft which  
7 amounts to a synopsisized brief to you.

8 This I think will form the basis of the  
9 report, and what I wanted to ask you to do in particular  
10 was do you feel that you want to have the actual testimony  
11 in the report as these briefs consist of testimony, as  
12 well as our own comments on the, say, each individual  
13 brief; or do you think we should just re-write this in  
14 narrative form or summarize it down in our own way and  
15 use it that way. If we had some of the actual testimony  
16 in it, the report itself might be more valuable, and we  
17 could have a section or a page or two of comments on each  
18 one of these briefs.

19 That is the first thing I wanted to dis-  
20 cuss with you, and secondly, we have a chap in mind who  
21 is a professional writer and if it meets with the approval  
22 of the Committee -- I think he would be very valuable in  
23 smoothing this out and making it more readable.

24 We could form a sub-committee consisting  
25 of -- I haven't discussed it with our advisors but I have  
26 discussed it with Mr. Harcourt -- I think we could form  
27 a committee of Mr. Sedgwick, Mr. Harcourt, Mr. Irwin and  
28 myself and somebody who is a qualified writer, and we  
29 would smooth out the rough spots in this report after you  
30 have had a chance to look at it and make any comments on







1 it, and then the sub-committee will sit down and try to  
2 smooth out a bit of it and we will have an expert with us  
3 to give us some assistance in this connection. If you  
4 approve of getting someone of that type to work with a  
5 sub-committee I think it would be very valuable in making  
6 the report more readable and worthwhile.

7 MR. MacDONALD: You are considering the  
8 proposition of reproducing most of the testimony as part  
9 of the report?

10 THE CHAIRMAN: I was considering that, and  
11 I was considering whether or not you thought that would  
12 be advisable or perhaps you think it would be a mistake.

13 MR. MacDONALD: Certainly it has never been  
14 done in my experience. A report has usually been our  
15 conclusion on the basis of the testimony.

16 MR. OLIVER: The testimony is included in  
17 it with the recommendations but if you put all the evidence  
18 in it --- .

19 THE CHAIRMAN: We wouldn't put it all in.

20 MR. REILLY: If you put all the evidence in  
21 the report it would be as high as this table.

22 THE CHAIRMAN: We have summarized these  
23 briefs and taken out what we feel are the main things that  
24 were said by the various witnesses. Now, this will form  
25 the basis really of what we feel is important, and this  
26 will form the basis of the report and this will have to  
27 be gone over again.

28 MR. REILLY: What is this you are referring  
29 to as forming the basis of the report?

30 THE CHAIRMAN: We synopsisized each one of the







1 briefs and that will form the basis of the report. Most  
2 of you have the complete transcript in any event.

3 MR. LAWRENCE: Mr. Chairman, correct me  
4 if I am wrong but I thought at the last meeting we had in  
5 this room, just prior to the Ottawa trip or just after  
6 the Ottawa trip, we went through something like this before  
7 and I thought we picked out the major points that we wanted  
8 included in the report. I thought at this stage we would  
9 be now considering the draft of the report based on these  
10 major points in there.

11 MR. SEDGWICK: I don't think we can use  
12 anything like this but I do think in order to avoid  
13 criticism from people who appeared and are not mentioned  
14 in the report -- we have to go through the evidence and  
15 refer to every brief presented. I think we have to do  
16 that.

17 MR. LAWRENCE: I thought we had sort of done  
18 that. It seems to me we have other comments on this.

19 THE CHAIRMAN: We made minutes of those  
20 meetings which we held in December, and that is true.

21 MR. MacDONALD: I agree. That is the basis  
22 of our report. The discussions we had there applies to  
23 one or two topics which we postponed final discussion on  
24 because we wanted the views on our visit to the United  
25 States because of a difference of opinion on some  
26 recommendations, but in the back of all reports, that I  
27 have had experience in, as Mr. Sedgwick stated you will  
28 list everybody who appeared.

29 MR. SEDGWICK: And in what interest they  
30 appeared.







1 MR. LAWRENCE: There are some good quotes  
2 in here along the lines of what we are thinking of, and I  
3 would certainly include them; like the Canadian Association  
4 stated in our brief to us.

5 THE CHAIRMAN: That is fine. We have  
6 summarized all the briefs and you will get completed  
7 copies all summarized. You can take them away and look  
8 them over between now and the next meeting and when we  
9 have our next meeting we can sit down and discuss what  
10 has been synopsisized here and what parts you think should  
11 be in the report.

12 In other words, we want your comments on  
13 the summaries here as to what you think is important.

14 MR. LAWRENCE: Just a minute, I think Al  
15 made a point. In my view, at the moment, the more effective  
16 way of approaching it is there can be a summarization of  
17 the evidence but it seems to me that when we come back  
18 again we should come back to discuss the first draft of  
19 the report which will be based on the list of topics we  
20 discussed in December, perhaps with further discussion if  
21 you want. It seems to me that the basis of the report  
22 was a list of twelve, fifteen or eighteen topics which we  
23 listed in the December meeting and which we thrashed  
24 through; and it was my thinking that we had resolved on  
25 what was going to be in them, on all except perhaps two or  
26 three of them.

27 THE CHAIRMAN: In the meantime Mr. Irwin  
28 has prepared some information on his part of this subject,  
29 that is the accounting end of it and Mr. Sedgwick has  
30 prepared something.







1 MR. SEDGWICK: I have some provocative  
2 questions which should be settled as to what you are going  
3 to write. This is just a memo of mine. If you want, I  
4 can read what I have in mind.

5 THE CHAIRMAN: Yes.

6 MR. SEDGWICK: My first questions: What  
7 do you want to recommend and first as to all retail credit.

8 MR. LAWRENCE: What happened to the list of  
9 topics we approved?

10 THE CHAIRMAN: I think you all received  
11 copies of the minutes; didn't you? Mr. Harcourt had  
12 minutes made of those meetings.

13 MR. HARCOURT: I think I did. I had copies  
14 made but I haven't distributed them. I had them made just  
15 before we left for the United States. I can get them up  
16 tomorrow.

17 MR. LAWRENCE: Am I right or wrong that  
18 we did go through a number of points?

19 THE CHAIRMAN: We did and we discussed in  
20 a general way what we thought.

21 MR. LAWRENCE: We sort of hung meat on the  
22 bones.

23 THE CHAIRMAN: Are you agreeable to our  
24 getting someone more expert in the English language than  
25 perhaps our sub-committee might be.

26 MR. OLIVER: We have to make a decision  
27 in these various fields and then make --

28 THE CHAIRMAN: Make a rough draft, get to  
29 the point where we make a rough draft and just give it to  
30 him when we are finished with it to smooth it into shape







1 and make it more readable. I think it would make for a  
2 better report, if you would approve.

3 MR. REILLY: I think we have to do this,  
4 Mr. Chairman, If you are interested in my personal opinion  
5 and if it will help you, I would support your decision to  
6 form a sub-committee along with a writer for that particular  
7 purpose.

8 MR. MacDONALD: You were first talking about  
9 a writer to go through all this and put it in good English.

10 THE CHAIRMAN: No, not that.

11 MR. MacDONALD: If we go back to the agenda  
12 that we dealt with in December and finalize on the major  
13 points that we postponed on, and then if you put that into  
14 the hands of a professional, I agree.

15 THE CHAIRMAN: He wouldn't get it until we  
16 are finished with it.

17 MR. REILLY: Good. Mr. Chairman, would  
18 you have any idea of how many more of these there are to  
19 come?

20 THE CHAIRMAN: There are about fifteen more.  
21 Mr. Sedgwick has prepared a memorandum.

22 MR. SEDGWICK: I didn't really prepare a  
23 memorandum. I put down, rather, my own information, things  
24 I thought we might consider. I thought we might consider  
25 retail credit, similar to the California and New York  
26 Statutes. The Massachusetts bill which sets out that  
27 anyone extending retail credit must tell the person who  
28 gets the credit -- It was in the Unruh Act in California  
29 and it was in the Act in New York and it was in the draft  
30 Massachusetts Bill.







1 If I may read it to you. There shall be  
2 included on the first page of every instalment contract---  
3 first, I should go back. Every retail instalment contract  
4 shall consist of one written instrument signed by the  
5 instalment buyer and seller. The printed terms of the  
6 agreement shall be set in ten points and in type. The  
7 printed or written terms shall appear on only one side of  
8 each page. I think it is important notice should be given.  
9 We should, (a) specify the size, and this, as you remember,  
10 has been done in the most forward looking States, and (b)  
11 every agreement shall include the date when signed, the  
12 names and addresses of the instalment seller and instalment  
13 buyer, and a description of the goods and services purchased,  
14 and a description of the instalment buyer's obligations  
15 under the agreement, if any. At the top of the first  
16 page of the agreement, in eight point extra bold print,  
17 the terms of this agreement are regulated by State law.

18 There will be a retail sales agreement  
19 which will apply to everything except revolving credit  
20 accounts which are different. Then it goes on to say there  
21 shall be included on the first page of the said instalment  
22 agreement, the dollar amount of the following items, and  
23 such items should be so designated. The cash price, any  
24 charges for delivery, any installation repair or other  
25 service, any excise sale or other tax not included in the  
26 cash price, the amount of the buyer's down payment, the  
27 unpaid balance, cash sale price, charges to the instalment  
28 buyer for insurance, if any; any specifications of  
29 arranging benefits in simple terms, the amount of the  
30





1 official fees, the principal balance owed, the total  
2 finance charges. Then, and this is a highly controversial  
3 section. It is not in either the California or New York  
4 Statutes but it is in the draft Massachusetts bill which  
5 has not been passed by the Senator. The percentage of  
6 the finance charge is to be expressed as a simple annual  
7 rate. The time balance owed by the buyer to the seller,  
8 which is the sum of items nine and ten, the number of  
9 instalment payments required to be paid out and the amount  
10 of payments.

11 Now, it seems to me to be the opinion of  
12 the Committee that we were impressed by that form of notice  
13 which sets out, apart from sections ten and eleven which  
14 talks about the percentage in dollar amounts, that on  
15 every item a man has to pay what the cash price would be  
16 if he didn't buy on time, and what the payments are over  
17 the period and this gives him as much information as he  
18 can get. Now, it occurred to me that you might make  
19 that your first recommendation that that should apply  
20 to retail credit sales in a standard form which everybody  
21 may use.

22 MR. MacDONALD: I am not an expert in  
23 handling these bills. I have never had one in my life,  
24 one of these forms, but I think on the issue that is con-  
25 troversial it might be useful for us to wire, telephone or  
26 write and get a copy of the Nova Scotia Bill which is now  
27 introduced and which is going to, according to the press,  
28 have an annual interest rate to be stated and it might also  
29 be useful when we are doing that to get in touch with the  
30 Cabinet Minister from Manitoba.







1 MR. SEDGWICK: That was the Manitoba Cabinet  
2 Minister, Mr. Steinkopf. I have from interim reports,  
3 and Steinkopf said to me I don't think there are going to  
4 introduce legislation calling for an annual percentage.

5 MR. MacDONALD: If it is not available in  
6 Manitoba, fine.

7 MR. SEDGWICK: I have one copy of their  
8 interim report which I got when I was in Manitoba. I would  
9 be glad to make that available.

10 MR. MacDONALD: Is this the report prior  
11 to introducing the bill?

12 MR. SEDGWICK: Yes. Somewhere I have a draft.

13 MR. MacDONALD: He indicated in Ottawa  
14 they got into difficulties because they didn't do a good  
15 job.

16 MR. SEDGWICK: There are a number of con-  
17 troversial things. These are a matter of policy as to the  
18 cooling off period, if there is one, whether it should be  
19 48 or 72 hours or longer and whether it should apply only  
20 to door to door, and if to door to door, just how do you  
21 define door to door. It was stated to me in Winnipeg  
22 that door to door was bothersome greatly because they  
23 pointed out that particularly Manitoba and Provinces west  
24 of there probably 50 or 60 percent of the automobile and  
25 tractor sales are made on the farm and not at the place  
26 where the man keeps his supply, which is now the English  
27 definition, and whether they will call it door to door or  
28 whether they will call it the cooling off period -- .

29 The Massachusetts draft bill provides for  
30 a cooling off period for all credit sales. I don't think







1 that is practical or possible. If you do apply the door to  
2 door business here it does present obvious difficulties  
3 because I understand here that a great many sales, important  
4 sales of cars and so on are not made at the place where  
5 the man does business but on what could be called a door  
6 to door basis.

7 I don't know how strong the feeling of the  
8 Committee is on this door to door legislature. It is true  
9 there were certain consumer complaints, not I thought very  
10 substantial, but if you do recommend introduction of some-  
11 thing of that kind you must consider the problems it might  
12 present. It might present more problems in themselves.

13 MR. EDWARDS: I think one of the weaknesses  
14 is you have a legitimate business man who pays taxes and  
15 if there is any leeway, he should have it.

16 MR. SEDGWICK: The Encyclopedia Britannica  
17 Company has a place of business but it doesn't sell any  
18 from its place of business. How do you say what is door  
19 to door? How do you define door to door? They asked me  
20 this question in Winnipeg. I don't know. I'll tell you  
21 what it is in England how we define door to door, and they  
22 said that wouldn't work here because a great many of our  
23 automobile and appliance sales are door to door within  
24 that description, and they have a cooling off period.

25 MR. MacDONALD: Mr. Chairman, my reaction  
26 on this is "A" whether or not we need a cooling off period  
27 if we are raising unnecessary difficulties with regard to  
28 major products, such as, farm machinery and automobiles.  
29 These can be exempt. Let's not be so impressed with the  
30 difficulties, that we do nothing.





1 MR. LETHERBY: The licensing of salesmen,  
2 door to door, this wouldn't be of any help. I mean a lot  
3 of these chaps come in, they are selling sidings, they are  
4 not licensed and they can be here today and gone tomorrow.  
5 If you license them, their employers could be responsible  
6 for some of these shennanigans.

7 MR. SEDGWICK: Sometimes employers are  
8 just as unreliable; in some cases the employer was the  
9 salesman.

10 MR. LETHERBY: A good bona fide car sales-  
11 man who is your neighbour from a close-by locality, some-  
12 thing like that, you don't like to penalize him or place  
13 road blocks in his way.

14 MR. OLIVER: I mean a guy certainly has  
15 his business in town and he'll come out and sell Morris  
16 or I a tractor; well surely he couldn't be called a door  
17 to door salesman if he sold you a tractor.

18 MR. HAMILTON: It's only a matter of  
19 convenience. What about life insurance?

20 MR. SEDGWICK: I don't think that is a  
21 commodity. I don't think we need to worry about life  
22 insurance.

23 MR. KERR: The situation where the vendor  
24 is taking the initiative where it is a cold type of canvass,  
25 where the purchaser possibly has never thought of the  
26 particular commodity.

27 MR. SEDGWICK: It doesn't really matter

28 MR. KERR: Right.

29 MR. SEDGWICK: I am in favour of the cooling  
30 off period. I don't know how it would be phrased or that







1 it is perfectly legitimate. You know the cooling off  
2 period is not an outlawed contract, it only gives the  
3 purchaser an opportunity to outlaw it in some narrow  
4 period of time, 48 or 72 hours.

5 MR. LETHERBY: What about food products?

6 MR. SEDGWICK: When they are sold on credit  
7 this comes within the ambit of your enquiries. My wife  
8 told me when the fuller brush salesman comes to the door,  
9 he delivers the order and she pays him in cash. I don't  
10 think that is any of our business. I don't think we need  
11 worry about it. We are only empowered to deal with credit  
12 transactions. The fuller brush man takes a seven day order  
13 and brings it back next week and gets paid. I don't think  
14 we should bother about it. As a matter of fact it is none  
15 of our business.

16 MR. EDWARDS: What about the greeting card  
17 salesmen?

18 MR. SEDGWICK: A little girl sells me my  
19 Christmas cards. I don't think she wants a cooling off  
20 period.

21 MR. EDWARDS: What about the vacuum cleaner  
22 man.

23 MR. SEDGWICK: That is all a credit arrange-  
24 ment. They never sell for cash. We are only concerned with  
25 credit. That is in our terms of reference. We are con-  
26 cerned about Consumer Credit not Consumer Cash Buying.  
27 There is one or two things we had discussed, wage assign-  
28 ments, and where it related to prohibition. Again, I am  
29 opposed to wage assignment and I think the Committee should  
30 say so and I think that would not be difficult.







1 MR. BUKATOR: We agreed on that.

2 MR. SEDGWICK: You will recall in California  
3 and New York, certainly in the draft bill in Massachusetts  
4 they fixed maximum finance charges expressed in dollar  
5 amounts. Whether that is something this Committee would  
6 like to recommen, I don't know, but that again is a question  
7 of policy which the Committe itself must resolve

8 MR. OLIVER: Dollar amount.

9 MR. SEDGWICK: Dollar amount. Mind you,  
10 it was said to us that it wasn't very effective in stimu-  
11 lating competition because what was intended to be a ceiling  
12 turned out to be a floor.

13 MR. REILLY: Wasn't that on a rate rather  
14 than dollars?

15 MR. SEDGWICK: No, it was on dollars. It  
16 was on a percentage but it works out in dollars.

17 MR. REILLY: As you say it actually became  
18 the prevailing rate.

19 MR. SEDGWICK: Yes, it became a prevailing  
20 rate. Then, my next note was are we in favour of legis-  
21 lation -- If I, a dishonest salesman, make all kinds of  
22 promises to you and then assign the document to a finance  
23 company should the finance company be fixed with the  
24 responsibility of the fraudulent promises I made.

25 MR. REILLY: They become part of the docu-  
26 ment in itself.

27 MR. SEDGWICK: By statute the assignee of  
28 that particular credit document was subject to the equities  
29 existing between the purchaser and the seller. I think  
30 it should be done because it has been a cause of serious





1 complaint and I think responsible credit re-financing  
2 companies would take a longer look at their paper if they  
3 were subject to that.

4           Then, the other question talked about was  
5 the question of repossession. As you know that is dealt  
6 with in the English Act, that after so much is paid the  
7 right of repossession is lost. It is not so now. You  
8 know now that if you agree to pay \$1,000.00 and you pay  
9 \$950.00 they can repossess the whole article. I think it  
10 is up to two-thirds. The first question is do you want  
11 to do it at all and if you do, how much -- maybe two-thirds.

12           MR. IRWIN: I think it is rather important.

13           THE CHAIRMAN: It certainly has appealed to  
14 me.

15           MR. REILLY: When you say two-thirds is  
16 that when two-thirds has been paid you can't repossess the  
17 article?

18           MR. SEDGWICK: You can't repossess the  
19 article.

20           MR. REILLY: There would be a third equity.

21           MR. SEDGWICK: Seventy-five might be better.

22           MR. EDWARDS: After all, you have to protect  
23 both. They still can get their money off the little  
24 fellow.

25           MR. SEDGWICK: If I sense the Committee  
26 is in favour of prohibiting repossession after so much is  
27 paid, I think after that paragraph I can leave the figure  
28 out, and we can discuss that at some later date, whether  
29 it is to be 70, 75 or 85.

30           I am just going over these notes which I







1 made hurriedly. Then, there is the question of deficiency  
2 judgment, as to whether if you take a deficiency judgment,  
3 as to whether you could take judgment for the whole finance  
4 charges added on in the first place or for the pro rata.  
5 As you may recall there were provisions to that effect in  
6 both the California and New York Statutes and there are  
7 provisions to that effect in the Massachusetts bill.  
8 If you do sue for deficiency, you can't sue for all the  
9 unearned cost because of the acceleration. You can't sue  
10 for all the finance charges that would have been earned  
11 on there if the contract had run its life out.

12                   Again, I think that is something we might  
13 consider and recommend.

14                   Then, penalties, the same old thing. Penal-  
15 ties, as you know, in some States, you are prohibited from  
16 suing if you haven't observed the Act and in some States  
17 there are specific penalties and fines and things of that  
18 kind. It seems to me that this Committee need not  
19 bother much about that, leave it to the man that brings  
20 the act in. I only mentioned it because somebody might  
21 say how do you enforce it?

22                   MR. REILLY: What we should remember is  
23 we don't want to let the consumer get to the point where  
24 he says he is going to pay so much and he is protected.

25                   MR. SEDGWICK: You must remember the seller  
26 has rights. While there are dishonest sellers, there are  
27 dishonest buyers.

28                   MR. BUKATOR: And there are more buyers.

29                   MR. SEDGWICK: We don't want to make it  
30 difficult for the honest business man to stay in business.







1 My last note is whether in the case of  
2 default and redemption whether you should be entitled to  
3 redeem by paying the arrears only or whether the only  
4 right of redemption would be if you paid the whole amount  
5 due, if it became due under the acceleration clause.

6 MR. REILLY: I am not sure I follow you.

7 MR. SEDGWICK: Let's suppose you owe a  
8 \$1,000.00 and you fall into default for two months so the  
9 balance is \$800.00 but the arrears are only \$200.00.  
10 On payment of the \$200.00 should you be permitted to re-  
11 instate your contract or whether you should pay the whole  
12 \$800.00. There may be cases where a man is out of work for  
13 a month or two and he can pay the arrears but he cannot  
14 pay the whole \$800.00. Should we have legislation which  
15 permits him to re-instate the contract?

16 MR. KERR: We can re-adjust the redemption  
17 period in some way.

18 MR. EDWARDS: The retailer would still like  
19 to get his money just as much. Should the buyer have the  
20 right to pay the arrears and re-instate the contract?

21 MR. MacDONALD: What would the penalty be?

22 MR. SEDGWICK: As soon as he is in default  
23 than the whole amount is due.

24 MR. MacDONALD: What penalty do you have?

25 MR. SEDGWICK: I suppose the proper penalty  
26 is, if you want to be fair, any cost to which the seller  
27 has been put plus the arrears from the time they are do.  
28 I am not talking about mortgages. It needs to be separately  
29 dealt with. I have only been talking about retail credit.

30 MR. IRWIN: I'd like to make a comment on





1 this, not recommending one thing or another on this  
2 particular point. I would ask you to consider whether  
3 this is a necessary thing to do. My experience has been  
4 where there is continuing default on behalf of the debtor,  
5 arising out of sickness or other circumstances to the  
6 lender; in the case where there is a legitimate lender  
7 interested in doing business, usually in nine cases out  
8 of ten an arrangement is made between the debtor and the  
9 lender but I wonder if writing this type of thing into  
10 legislation if it would not encourage default.

11 MR. SEDGWICK: I thought of it too. I am  
12 glad Doug raised it. I haven't raised all these points.  
13 They are things we must consider.

14 MR. MacDONALD: He would know that he would  
15 just have to pick up payment and get back on the contract.

16 MR. IRWIN: I think where you have a  
17 legitimate ---

18 MR. MacDONALD: In law you are not worrying  
19 about the nine out of ten; what you are doing is to have  
20 legislation to catch that tenth guy who is crooked.

21 MR. SEDGWICK: Let's suppose you buy an  
22 automobile and you pay \$2,000.00 and let's say you put  
23 down \$500.00 so that you haven't got to the point where  
24 repossession is possible. You fall into arrears for two  
25 months and the man repossess the automobile and before  
26 he has sold it you say, I want to pay the two months  
27 arrears. He says, no, if you want it back you pay the  
28 \$1,500.00. So if it is sold, it is sold at a great loss  
29 to him because he gets nothing for this \$500.00. There  
30 may be a deficiency debt. The question you have to







1 wrestle with is should he in these circumstances be per-  
2 mitted to pay his arrears.

3 MR. IRWIN: If you introduce a cooling off  
4 period for example and introduce protection of the equity  
5 at a certain point I think you have gone a long way.

6 MR. SEDGWICK: The cooling off period has  
7 nothing to do with it because the cooling off period is  
8 only a breathing space between the time you signed the  
9 contract and the time you realize you can't carry it out  
10 and you don't want to carry it out.

11 MR. MacDONALD: If the lender is willing  
12 to accommodate the borrower, is the law going to create  
13 any problem for him? He is going to do it anyway. The  
14 law is just there for the safeguard of the one out of ten  
15 who is going to seize on this opportunity of throwing the  
16 whole thing into the court and perhaps there might be some  
17 protection if we fix 75 percent which is equitable,  
18 anywhere up to 75 percent you can still repossess.

19 MR. IRWIN: If you introduce this re-instate-  
20 ment right, there ought to be a very sensible time limit.

21 MR. SEDGWICK: Yes, of course.

22 MR. MacDONALD: And the penalty would be  
23 he would have to pay the cost.

24 MR. SEDGWICK: And the interest on his  
25 arrears. Mr. Chairman, these are the only notes I made  
26 and I made them very hurriedly. I made them to give you  
27 some food for thought.

28 MR. KERR: There is two other points; one  
29 was the idea to make sure these contracts were filled in  
30 completely.





1 MR. REILLY: You mentioned it.

2 MR. SEDGWICK: I didn't go over it all.

3 When I mentioned the question of form, if it is not filled  
4 in completely it is invalid. I am strongly in favour of  
5 a standard form which shows what you said and the other  
6 things that I mentioned.

7 MR. KERR: There is nothing filled in after.

8 MR. SEDGWICK: The form I read specifically  
9 provides -- it says, don't sign this agreement if it con-  
10 tains any blank spaces. You are entitled to copies of  
11 this agreement. You have a right at any time to pay off  
12 the full unpaid balance and in so doing you are entitled  
13 to receive a rebate.. You have a right under certain  
14 circumstances to redeem the property that has been repossessed  
15 because of default; under certain conditions that require  
16 re-sale of the property because of repossession and so  
17 on, and then their revokation laws and the Massachusetts  
18 Bill from which I am reading, this applies to all contracts.  
19 You have the right to cancel this agreement by notifying  
20 the seller after 48 hours providing however you have not  
21 received, before cancelling, a substantial part of the goods  
22 or services purchased under this agreement. That seems  
23 only fair. You can't deliver the thing and make it second  
24 hand and let the man cancel. I didn't read the whole of  
25 the form but I think that should be there.

26 MR. EDWARDS: This would give a fellow a  
27 break

28 MR. SEDGWICK: We agree in this Committee  
29 that there should be a standard form similar to the one I  
30 have read that will give a purchaser as much as he is







1 entitled to get.

2 MR. KERR: What about a promissory note?

3 MR. SEDGWICK: I don't think you can stop  
4 a promissory note. I am inclined to think that it should  
5 be part of the same instrument. A person taking out the  
6 promissory note is aware that it is not just a promissory  
7 note. It is a promissory note subject to all the equity  
8 to which it is attached.

9 MR. MacDONALD: I think any report is going  
10 to be made up of three things; one, a general introduction  
11 which is a review; two, the issues on which we are pre-  
12 senting our views and as I recall from the meeting in  
13 December, I think we raised them all there, there are 15  
14 to 20; and three, a list of all the people who made  
15 representations, if you wish, who made representations  
16 on their behalf and that in essence is the report.

17 I would suggest that the most effective  
18 way to cope with it now is to have somebody do the general  
19 introduction, perhaps our secretary, without saying who  
20 is to do it.

21 MR. SEDGWICK: It's a long mechanical job.

22 MR. MacDONALD: Secondly, I think we should  
23 go back to the minutes of the meeting in December and have  
24 drafted a paragraph on each one of these, and how it is  
25 drafted makes no difference because we have a professional  
26 writer and he can take the whole thing and make it look  
27 like it had been written by one man rather than a Committee.  
28 The next time we come back we can re-consider these 15 or  
29 20 paragraphs. Some of them should be handled by Mr.

30





1 Sedgwick.

2 MR. MacDONALD: And some of them by Mr.  
3 Irwin. When we are happy with it, then we hand it to a  
4 professional and he re-writes and stream-lines it and we  
5 take a look at it to see if in the re-writing he doesn't  
6 unwilling change the sense of it.

7 MR. SEDGWICK: I completely agree. I had  
8 a talk with Senator Croll and he says when it comes to the  
9 report if they make their report on one page it will have  
10 impact. If we can reduce out actual recommendations it  
11 will have much more impact than if it is spread through  
12 the report.

13 MR. MacDONALD: Or alternatively you have  
14 a heading for the topic, and an introductory paragraph and  
15 you have in bold type at the bottom, we recommend.

16 MR. IRWIN: Could I make a suggestion sort  
17 of in between, taking your idea of the 16 points whatever  
18 they are. Number one is this and so on. I have thought  
19 in terms of having a little introduction as to what is the  
20 problem, and secondly a sort of commentary on the problem.  
21 Some people have said this and some people have said that  
22 referring to apendix A.B.C. and we recommend -- .

23 MR. MacDONALD: This is a pattern for deal-  
24 ing with each of the 16 points. I hope we can have a  
25 report and I think your proposal of having a professional  
26 handling it so the average Joe can read and comprehend this.  
27 This is something that the average Joe is interested in  
28 and his comments, maybe, are valid. It depends upon what  
29 topics you are talking about. You state your problem and  
30 present the pros and cons and we conclude it.







1 MR. IRWIN: The reason I make this suggestion  
2 is this, I feel it is a very -- I feel in my personal view  
3 that the report itself is a very valuable document and  
4 whether legislation flows from it or not -- this is why  
5 I thought of the commentary section -- so we can summarize  
6 the various views and approaches on it, but so there is  
7 no poking about, someone will say this and someone will  
8 say that; and it will become a historical reference.

9 THE CHAIRMAN: This will be the general  
10 outline and the sub-committee will get this in shape.

11 MR. KERR: One point Mr. Sedgwick didn't  
12 raise is the idea of a central registry particularly for  
13 conditional sale contracts for motor vehicles

14 MR. SEDGWICK: We talked about it.

15 THE CHAIRMAN: We certainly could have the  
16 points even if we didn't recommend it, we can mention it  
17 so they would know we discussed it. Each of you will get  
18 a copy of the minutes of these meetings about what we did.

19 MR. MacDONALD: Even though we haven't come  
20 up with any recommendation we will have to come up with  
21 some valid reason of why we are still sitting after two  
22 years work.

23 MR. OLIVER: Are we going to consider, Mr.  
24 Chairman, the felicities of the citizens to complain?

25 MR. SEDGWICK: I mentioned it in my speech  
26 in Winnipeg . That is really not an aspect of Consumer  
27 Credit although it is certainly a relative aspect, whether  
28 we should recommend the establish of a Consumer Fraud  
29 Bureau.

30 MR. LETHERBY: This is the thing that appealed





1 to me.

2 MR. MacDONALD: If everybody in the populace  
3 was alert we wouldn't need this educational process to  
4 alert the public.

5 THE CHAIRMAN: We should have someone.

6 MR. SEDGWICK: On the constitutional  
7 question I don't know whether you all read Hansard, but  
8 in Hansard of March 9th, when the Senate in the House of  
9 Commons met, Mr. Croll had this to say about the constitu-  
10 tional problem and we have been discussing the situation  
11 that might arise if this Committee decides that there is  
12 some constitutional dilemma concerning interest. We think  
13 we can give you the benefits of our conclusions. We think  
14 any such dilemma may be resolved much more reasonably now  
15 under the new proposed Act to mend a constitution.

16 Section 13 talks of the delegation of  
17 authority from the Province to the Dominion or from the  
18 Dominion to the Province, Where four Provinces can agree  
19 with the Dominion, we feel that will overcome any decision  
20 of the Supreme Court which will trouble us.

21 I had a letter from Dave saying we should  
22 include in our report cooperative federalism in solving  
23 this problem, and I think we should.

24 THE CHAIRMAN: Gentleman, we'll call the  
25 next meeting as soon as possible. I think the next  
26 meeting should be in a week or ten days. We'll have a  
27 meeting in about ten days.

28

29 MEETING ADJOURNED

30









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